

Major Moves Help Desk

Office of Governor Mitch Daniels

Mythbusters: Volume III: Senate Democrats Speak Out

MYTH: Private foreign companies can issue bonds to raise \$3.85 billion to pay Indiana, why can't the state do the same?

FACT: Are Senate Democrats actually suggesting the State take out \$4 billion in loans, more than doubling the total amount of the state's debt, and pay hundreds of millions of dollars in interest; as opposed to paying-off loans and earning hundreds of millions of dollars in interest? The Senate Democrat plan also fails to take into consideration that private corporations have much broader ability to take out bonds than state government.

MYTH: INDOT's Ten-Year Plan has had no public or legislative input in how the lease proceeds will be spent?

FACT: INDOT spent months developing the state's first comprehensive transportation plan in years. Lawmakers were asked to rank projects in

their area and public hearings were conducted across the state. Rep. Pat Bauer dismissed the idea and encouraged lawmakers not to fill out the survey.

MYTH: The private operator could default or declare bankruptcy and place a lien against future toll revenues, which means the State could resume operations of the Toll Road but not be able to collect the tolls.

FACT: Section 18.1(d) of the lease clearly says the state has no obligation to pay the bond holders the principal or interest, unless the State defaults. Section 18.1(j) of the lease says the bond holders can have no greater rights than the private operator under the terms of the agreement. Collecting only revenue with no expenses is quite a different right than the lease agreement.

MYTH: The State has no right to argue disputes in court.

FACT: The State has the right to argue disputes in front of an

independent Hoosier mediator or arbitrator. The state will have the same opportunity to present its facts, without the million of dollars spent in legal fees, court costs, and endless appeals.

MYTH: The Indiana Toll Road is currently operating at adequate levels of service for traffic.

FACT: The Indiana Toll Road is currently at a grade "E", the second worst level possible, in many parts of Northwest Indiana for traffic congestion. At least three points in the area will deteriorate to grade "F" in the next few years if nothing is done. The reason is because the State has not been able to afford to add new lanes for years. The private operator has no such choice and must add lanes to relieve congestion and maintain Level of Service Standards of D or better in urban areas and C or better in rural areas. These are the current INDOT standards.

Rally at the Statehouse

WHEN: TUESDAY, FEBRUARY 28

11:00am

WHERE: South Atrium

Indiana Statehouse

COME JOIN THE GOVERNOR AND SHOW YOUR SUPPORT FOR MAJOR MOVES AND THE JOBS IT WILL CREATE.

Utah's P3 Bill Moves Ahead

The Utah House Transportation Committee approved a bill on Monday authorizing public-private partnerships to build toll roads. The bill now moves to the full house for consideration.

Under the proposed legislation, the Utah Department of Transportation would be able to enter into p3 agreements to construct and operate toll roads for up to 99 years.

The state would retain ownership of the roads. Utah Transportation officials say the state has \$16 billion of long-term highway needs.

The Senate has already approved the measure.

Source: *The Bond Buyer* and *Salt Lake Tribune*

Port Deal Comparisons Not Factual— Even Democrats Agree

Comparing Major Moves to the national port controversy is the latest attempt to invent issues to block Indiana from moving forward to create jobs.

The lease expressly restricts the private operator's ability to sell, transfer, or hire a third-party to run the Indiana Toll Road.

The State must approve any attempt to change ownership of the lease agreement or the hiring of a third-party to operate the Indiana Toll Road.

The lease prohibits operators of the Toll Road from appearing on federal watch lists. *Lease Section 9.2(f)*

The lease allows the state to deny the sale or transfer of the lease agreement based upon the reputation of the company, and its owners, officers, employees, and managers. *Lease section 17.1(b)(iv)*

The lease addresses the possibility of another company purchasing Statewide Mobility Partners, or its parent companies, which is currently at the center of the controversy involving the Ports.

The State must approve any deal that would transfer 50% or more control in Statewide Mobility Partners (SMP). Since Cintra and Macquarie are 50/50 partners in SMP, if either company were sold, the State must approve the sale.

If a non-qualified firm attempted to gain control of SMP, the likely result would be in Cintra or Macquarie divesting its position in SMP to a State-approved entity so that it could proceed with it being acquired by the non-qualified firm.

The State retains full emergency powers to take any necessary actions to protect life or property.

Security on the Indiana Toll Road will improve thanks to Major Moves.

The Indiana State Police will continue to hold jurisdiction on the Indiana Toll Road.

The private operator must pay the state to increase the State Police presence from 45 troopers to 70 troopers.

The private operator will pay the state up front to build a new State Police Post, and purchase new vehicles and equipment.

Even Senate Democrats conceded today the lease agreement gives the State the power to approve a change in ownership of the lease to another company.

